

**CANADA: OUTLOOK FOR PRINCIPAL FIELD CROPS***September 17, 2018***Market Analysis Group/Crops and Horticulture Division
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This report is an update of Agriculture and Agri-Food Canada's (AAFC) August outlook report for the 2017-18 crop year, which has ended for all crops, and AAFC's outlook for the 2018-19 crop year.

For most crops in Canada, the crop year started on August 1 and ends on July 31, although for corn and soybeans, the crop year started on September 1 and ends on August 31.

For 2017-18, this report incorporates information from Statistics Canada's September 6, 2018 report on Stocks of Principal Field Crops at July 31, 2018, except for corn and soybeans. The report provided preliminary final estimates for supply and disposition for the 2017-18 crop year. Canadian carry-out stocks (year-end inventories) for all principal field crops increased to 15.6 million tonnes (Mt), or by about 6 percent from last year, due to the significant increase in carry-out stocks for pulses.

For 2018-19, the outlook incorporates the preliminary production estimate from Statistics Canada's August 31, 2018 report on Production of Principal Field. The report was based on a survey of 13,100 Canadian farms, conducted from July 6 to August 1, 2018. The total area seeded to all field crops increased slightly because the significant increase in the area seeded to Grains and Oilseeds (G&O) more-than offset the decrease in the area seeded to Pulse and Special Crops (P&SC). Average yields are estimated to decrease by almost 6% compared to last year but the survey may not have captured the impact of persistent dryness in many regions through-out the growing season or the extreme heat that impacted crops in mid-August. Total field crop production is currently forecast at 88 Mt, of which 92% are G&O and 8% are P&SC. Due to lower supply and higher exports, total carry-out stocks are expected to fall significantly to 11.9 Mt which is about 15% below the five-year average.

Please note that AAFC's October report will be based on Statistics Canada's September 19 release of model based estimates of yield and production which were derived from remote sensing, survey and agroclimatic data sources.

Canada: Principal Field Crops Supply and Disposition

	Area Seeded — thousand hectares —	Area Harvested	Yield t/ha	Production	Imports	Total Supply — thousand tonnes —	Exports	Total Domestic Use	Carry-out Stocks
Total Grains And Oilseeds									
2016-2017	26,435	24,618	3.47	85,497	1,619	99,747	42,150	43,623	13,969
2017-2018f	27,142	26,323	3.26	85,794	2,428	102,191	44,917	43,332	13,943
2018-2019f	27,792	26,821	3.02	81,103	2,307	97,352	45,453	41,555	10,345
Total Pulse And Special Crops									
2016-2017	4,517	4,377	2.01	8,788	284	9,409	7,137	1,530	742
2017-2018f	3,927	3,897	1.90	7,411	211	8,364	5,369	1,343	1,653
2018-2019f	3,608	3,551	1.89	6,723	165	8,540	5,430	1,570	1,540
All Principal Field Crops									
2016-2017	30,952	28,995	3.25	94,285	1,903	109,155	49,286	45,153	14,711
2017-2018f	31,069	30,220	3.08	93,206	2,638	110,555	50,286	44,674	15,595
2018-2019f	31,400	30,373	2.89	87,826	2,472	105,892	50,883	43,125	11,885

Source: Statistics Canada (STC) and Agriculture and Agri-Food Canada (AAFC); f: forecasts by AAFC.

All Wheat

Durum

For 2017-18, Canadian durum exports fell by 3% from 2016-17 to 4.41 million tonnes (Mt), based on preliminary export data from Statistics Canada (STC). Carry-out stocks fell by 19% to 1.47 Mt, according to STC, 8% higher than the past five-year average of 1.36 Mt.

For 2018-19, Canadian durum production is estimated by STC to increase by only 1% to 5.03 Mt as a 19% increase in seeded area is nearly offset by lower yields, resulting from below normal precipitation in the durum growing areas. Saskatchewan accounts for 79.9% of the total production, Alberta for 19.9%, and Manitoba for 0.2%. Total supply is estimated to decrease by 4%, as the higher production is more than offset by lower carry-in stocks. Exports are forecast to increase by 9% from 2017-18 because of less competition in world export markets from the EU, Mexico, Kazakhstan and Australia, and more import demand from the EU. Carry-out stocks are forecast to fall by 32% to 1.0 Mt.

World durum production is forecast to increase by 0.6 Mt from 2017-18 to 37.6 Mt, while supply rises by 0.4 Mt to 47.2 Mt because of lower carry-in stocks, according to the International Grains Council (IGC). Use is expected to increase by 0.4 Mt to 37.7 Mt because of higher food use and carry-out stocks are forecast to be stable at 9.5 Mt. Durum production in the United States (US) is forecast to increase to 2 Mt from 1.49 Mt.

The average Canadian crop year producer price for durum is forecast to fall from 2017-18 due to higher US and world supply.

Wheat (excluding durum)

For 2017-18, Canadian wheat exports rose by 10% from 2016-17 to 17.22 Mt, based on preliminary STC data. Carry-out stocks fell by 6% to 4.7 Mt, according to STC, 15% lower than the past five-year average of 5.56 Mt.

For 2018-19, Canadian wheat production is estimated by STC to fall by 4% to 23.95 Mt as an 8% increase in seeded area is more than offset by lower yields

resulting from below normal precipitation in most wheat growing areas. Canada western hard red spring (CWRS) wheat accounts for 74% of the total wheat production at 17.75 Mt. Production for other classes of wheat: winter wheat (hard red, soft red and soft white): 2.39 Mt, Canada Prairie spring (CPS) 1.68 Mt, Canada Northern Hard Red (CNHR) 0.94 Mt, Canada western soft white spring (CWSWS) 0.45 Mt, Canada western extra strong (CWES) 0.11 Mt, other Canada western spring 0.22 Mt and Canada eastern spring wheat (mostly CERS) 0.41 Mt. Saskatchewan accounts for 36.6% of the total wheat production, Alberta for 35.9%, Manitoba for 16.7%, Ontario for 9%, Quebec for 1.2%, British Columbia for 0.3% and the Atlantic Provinces for 0.3%.

Total supply is estimated to decrease by 5% as lower carry-in stocks compound the drop in production. Exports will be limited by the supply and therefore are forecast to rise by only 1%. Carry-out stocks are forecast to fall by 15% to 4 Mt.

World production is forecast to decrease by 25 Mt to 733 Mt, according to USDA. Supply is projected to fall by 8 Mt to 1,007 Mt. Total use is expected to increase by 5 Mt to 746 Mt because of growing use for food. Carry-out stocks are forecast to fall by 13 Mt to 261 Mt. However, China accounts for 136 Mt of the stocks, an increase of 9 Mt from 2017-18. Wheat stocks in China are generally not exported. Excluding China, world all wheat stocks are expected to fall by 22 Mt to 125 Mt.

All wheat production in the US is forecast to rise by 3.7 Mt to 51.1 Mt, according to USDA. Supply is projected to rise by 0.9 Mt to 84.7 Mt. Domestic use is forecast to rise by 2.1 Mt and exports are forecast to increase by 3.4 Mt. Carry-out stocks are forecast to decrease by 4.5 Mt to 25.5 Mt.

The average crop year prices of wheat in Canada for 2018-19 are forecast to increase from 2017-18 because of the lower world and Canadian supply.

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Barley

For 2017-18, total domestic use increased 1% with slightly higher feed use and a decline in industrial use. Total exports increased by 24% or to a 10-year high due to the steady total supply, strong exports to China and lower world barley supplies. Barley carryout stocks decreased by 41% to 1.3 million tonnes (Mt) and remain below the previous three and five-year averages. The Lethbridge In-store feed barley price increased by nearly 35% due to the tight total barley supplies, strong export movement and the decline in the availability of other domestic feed grain substitutes.

For 2018-19, seeded area is forecast to rebound from last year's record low. Production is forecast to increase to 8.0 Mt due to the higher area harvested despite a below average total yield. With sharply lower carry-in stocks, total supply to decrease to 9.3 Mt. Total domestic use is forecast to increase due to higher industrial use. Exports are forecast to fall by 17% due to lower total supplies. Barley carry-out stocks are forecast to decrease by 28% to 0.9 Mt or a new record low. The average Lethbridge cash feed barley price is forecast to rise by 15% due to strong market conditions moderately from 2017-18.

The average Canadian barley yield is the lowest in the past four years, down 7% from the previous five-year average. Total barley production is estimated to increase by 1% due to higher area harvested. Similar to last crop year, the dry conditions on the western and southern half of the Prairie Provinces brought the overall yield down, especially in Saskatchewan. Barley production was variable in the western provinces with Manitoba having a lower yield than in 2017 but 2018's yield is still higher than the previous five-year average. Saskatchewan had a year-to-year decline in yield of 14% but production declined only 1% due to higher seeded and harvested areas. Alberta, Canada's largest barley producing province, saw its 2017 barley yield decline by 7% but, similar to Saskatchewan, higher harvested area will allow production to increase. In Eastern Canada, barley harvested area and production reversed the short term trend and increased by 12% and 10%, respectively, due to

higher yields in Ontario, Prince Edward Island and Quebec.

The Statistics Canada (STC) Stocks report verified the sharply lower barley stock situation entering the new crop year with a 41% decrease in total stocks. Carry-in stocks are well below the previous three and five-year averages and stocks are 28% lower than the previous 10-year average. Commercial stocks are lower than last year but still higher than the previous three and five-year averages. Alberta had the largest decline with stocks falling nearly 0.4 Mt compared to last year.

The price of barley at Lethbridge is \$50/t higher than the same period last year. Carry in stocks are at a record low level, down 40% from last year. Canadian cattle and hog inventories are lower than last year but large parts of Western Canada, and to a lesser extent Eastern Canada, face shortages of forage and pasture. This will pressure feed grain supplies and provide underlying price support.

On the international side world barley production is at a multi-year low and carry-in stocks are at a multi-decade low. Most of the world's major barley exporters had smaller barley crops for 2018 due to dry conditions which led to tight supplies of malt quality barley. World spot prices for malt barley have increased sharply over the past two months with the price premium, relative to feed barley, well above the previous five-year average.

Corn

For 2017-18, total domestic usage is forecast to increase 4% due to increases to feeding, ethanol production and other industrial use such as starch. Exports are forecast to increase by 40% due to the higher Canadian total supply, lower world corn supply and continuing strong demand from the western EU region. Carry-out stocks are forecast to decrease by 4% or 2.1 Mt or above the previous three and five-year averages. The nearby Chatham corn price is forecast to increase slightly due to higher US corn futures and a near to unchanged Canadian dollar.

For 2018-19, seeded area is forecast to increase by 1% from 2017-18 due to steady prices and continued good overall demand. Production is forecast to decrease 2% to 13.8 Mt due to the higher area however with below average yields. Imports are forecast to remain unchanged. Despite lower production, high carry-in stocks and flat imports limit the forecasted decline in total supply to 2% or 17.5 Mt. Total domestic usage is forecast to increase 1% due to nearly flat ethanol production, industrial use and livestock feeding. Exports are forecast to decrease by 11% due to increased international competition. Carry-out stocks are forecast to decrease by 17% and remain below the previous three and five-year averages. The nearby Chatham corn price is forecast to increase due to higher US corn prices.

The average Canadian corn yield is estimated to be 2% lower than 2017 but this is 2% higher than the previous five-year average. Total Canadian corn production is estimated to decrease by 2% from 2017 although it is still 11% above the previous 10-year average. On average, Ontario and Quebec represent nearly 90% of total Canadian corn production, despite slightly smaller crops for 2018. Their production was close to the previous five-year average. Production declined in every province except Manitoba which is estimating record production for 2018, 6% higher than 2017 and 75% higher than the previous 10-year average. Manitoba also set records for corn seeded and harvested areas. However, due to dry summer conditions yields were just near average. Corn seeded area for Saskatchewan has been added into the survey although results were not available due to the small sample size.

The US corn futures market has declined by an average of US\$10/t throughout August as the northern hemisphere corn harvest approached. For 2018, the US will not produce a record corn crop, like in 2016, but the USDA is projecting record yields for US corn and carry-out stocks will be lower than the 2017-18 crop year. This will mark the fifth year in a row for large sized US corn crop and, with large supplies of world corn, soybeans and wheat, corn prices will continue to struggle. The main bullish factor for overall world corn prices is the forecasts for lower total supplies, higher corn use and

lower ending stocks when compared to the 2017-18 crop year. The spot US corn futures price will not approach US \$4/bu but may average higher than the weekly average of US\$3.61/bu in 2017-18.

Oats

For 2017-18, total domestic use increased by 4% due to higher feed use. Exports of oats, grain and products, mainly to the US and Mexico, increased by 5%, to the highest level in nine years. Carry-out stocks increased 12% to 0.8 Mt due to the higher total supply. The Canadian oat price increased about 4% from last crop year due to the higher US oat futures price and the supportive Canadian dollar.

For 2018-19, seeded area is forecast to decrease 5% from 2017-18 due competition from other cropping choices. A forecasted return to an average rate of abandonment and yield will cause Canadian oat production to decrease by 11% but the 12% increase in carry-in stocks will allow total supply to decrease by only 8%. Total domestic usage is forecast to decrease by 12% due to lower feed use and flat human consumption. Oat grain and product exports are forecast to remain unchanged. Carry-out stocks are forecast to decrease by 24% to 0.6 Mt and remain well below the previous three and five-year averages. The average oat price in Canada is forecast to increase due to a higher US oat futures price and a slightly lower Canadian dollar.

The average yield on oats in Canada is estimated to be 4% lower than the 2017 record. The yield for 2018 ranks as the fourth highest and is still higher than the previous ten year average. Canadian oat production is estimated to be 12% lower than 2017 and this is about 5% lower than the previous three and five-year averages. In recent years Alberta has been increasing its oat area and production after steady declines in the mid-2000's. On the other hand, Manitoba and Saskatchewan have been lowering their oat areas and are down about 9% compared to the previous 10-year average. Eastern Canada's oat area was 12% higher for 2018, reversing recent declines, but the long-term trend is for lower oat areas. In Eastern Canada the "big three"; corn, soybeans and winter wheat continue to be the main cropping choices.

The STC Stocks report showed a higher oat stock situation entering the new crop year, total Canadian oat stocks are 12% higher than 2017 and compared to the five and 10-year averages they are 1% higher and 14% lower, respectively. This is all despite strong export movement to the US and a higher than average rate of feed use. Commercial stocks increased by 35% when compared to last year. Farm stocks on the Prairies provinces increased by 8% from last year, mainly on a recovery in oat area for Manitoba.

The supply of oats for 2018 in North America is expected to be just slightly smaller than 2017 and the previous five-year average. Canadian oat prices for the crop year look positive as the slightly smaller oat supply, supportive exchange rate and a forecast for a higher US corn futures price are all bullish factors. Spot oat prices on the Canadian Prairies have been very similar for the same period last crop year. However, prices are a little softer, as you move west from Manitoba. Much of the oat grain exports to the US was previously contracted. Typically about 30% of the oats are exported within the first quarter of the crop year. Canadian oat product movement is a very orderly business. About 25% of the exports are moved each quarter.

The US remains the largest total export destination for Canadian oats and oat products, last crop year accounting for 91% and 86%, respectively. Oat movement to Mexico has picked in recent years and accounted for about 5% and 11%, respectively, in 2017-18. Last crop year Canada exported oat grain to 18 different countries but nearly 60 countries for oat products.

Rye

For 2017-18, total domestic use increased by 15% due to higher rye feeding and trend industrial use. Exports increased by 36% due to the large total rye supply and improved export demand to the US. Rye carryout stocks decreased by 36% to 0.1 Mt however they remain well above all previous short and medium term averages. Prices increased about 40% with smaller North American rye grain supplies and the general price increase to the coarse grain complex.

For 2018-19, seeded area is forecast to decrease by 6% to 136,000 hectares from 2017-18. This is similar to both the previous five and 10-year averages. Production is forecast to decrease by 39% due to the lower seeded area and a sharp increase in abandonment despite a near average total yield. Higher than average carry-in stocks will partially offset the decrease in production but total supply is forecast to decrease by 38% to 0.31 Mt. Total domestic use is forecast to decrease by 42% due to sharply lower livestock feeding and flat industrial use. Exports are forecast to decrease by 22% due to the lower total supply. Rye carry-out stocks are forecast to decrease by 62% to 0.4 Mt and fall below the previous five-year average. Canadian rye prices are expected to increase due to lower North American total supply.

The average Canadian rye yield is estimated to be 18% lower than last year's near record yield. However, the 2018 rye yield matches the previous five-year average and is 5% higher than then the previous ten-year average. Due to a much higher-than average rate of abandonment, rye grain production declined by 39% from 2017 and is 27% lower than the previous 10-year average. For 2018, the rate of rye abandonment is about 40% higher than the previous 10-year average. The large increase in abandonment is due to very short forage and pasture supplies and forced the much lower rate of grain harvesting in favour of green feed.

Over the past five years rye seeded area and production continue to shift eastward. In Eastern Canada, since 2013 rye area has increased 3.4 times and production is up by nearly the same amount. In 2013, Eastern Canada produced just 13% of Canada's rye grain crop but for 2018 this has climbed to 46%. For the Canadian Prairies 2018 seeded area and production had declined by 30% and 50%, respectively compared to the previous five-year average. The first estimate for the US 2018 rye crop will come at the end of September and their harvested area is expected to be higher than 2017 however there will likely be a contraction of North American rye stocks which will be price supportive.

The STC Stocks report showed a sharp decline of 37% in total rye stocks. Two years of high total supplies had rebuilt rye stocks to their highest level since 2010. Multi-year production problems had kept rye carry in stocks at very low levels then sharply higher rye production in 2016-17 and to some extent last year created large supplies. In 2017-18, much higher than average feed use in Western Canada and a recovery in exports was able to draw down the

stocks. Harvesting of the 2018 rye crop is complete and producers are planting the 2019 crop. Given the stock reduction and sharp price recovery from two years ago, 2019 rye seeded area should see an increase in both Eastern and Western Canada.

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Canola

For 2017-18, Canadian disposition of canola held steady with last year on a total usage of 20.4 million tonnes (Mt). Total exports of canola were 10.9 Mt, representing a slight decrease from the 11.0 Mt shipped in 2016-17 while the industrial use of canola increased by about 0.1 Mt, to record 9.3 Mt, as the processing industry continued to operate at near full capacity despite pressured crush margins towards the end of the crop year.

Carry-out stocks are estimated at 2.4 Mt, up sharply from the 1.3 Mt in 2016-17. Of this, 1.4 Mt was carry-out on-farm while 0.95 Mt was in commercial handling facilities. Canola prices, track Vancouver, averaged \$539/t, up \$10/t from 2016-17, and similar to the previous 5 year average.

For 2018-19, canola production is estimated by Statistics Canada at 19.1 Mt. Over the past 10 years, the pre-harvest survey has underestimated the final production by 2.4 Mt, ranging from an overestimation of 1.5 Mt during the drought year of 2012-13 to an underestimation of 5.0 Mt in 2015-16. The production estimate is based on a seeded area of 9.2 million hectares (mln ha), a harvested area of 9.19 mln ha and yields of 2.09 t/ha.

Total supplies of canola are estimated at 21.7 Mt, a drop of about 1.1 Mt from 2017-18, as the sharp drop in output is partly offset by higher carry-in stocks of 2.4 Mt and steady imports of 0.1 Mt. Total disposition of canola is forecast to remain stable despite increased pressure from burdensome world oilseed and vegetable oil supplies. Canadian exports of canola are forecast to increase by 6%, to 11.5 Mt, as world demand for Canadian canola remains strong. Meanwhile domestic crushing is forecast to increase slightly to 9.2 Mt as the processing industry is expected to continue operating at near full capacity. Canadian production of canola oil and meal are forecast at 4.1 Mt and slightly over 5.0 Mt, respectively.

Carry-out stocks are forecast at 1.3 Mt for a stocks-to-use ratio of 6%. Canola prices are forecast to decline marginally, to \$500-540/t, as pressure

from lower world soybean and soyoil prices is mostly offset by support from the lower Canadian dollar against its American counter-part. AAFC's price forecast for canola is a combination of crop year prices to-date combined with anticipated price movements for the remainder of the crop year. The spillover impact of the China-US trade dispute, complete with tariffs on US soybeans, has largely been captured by the crop year-to-date component of the price estimate.

Flaxseed

For 2017-18, the total usage of flaxseed is estimated at 0.68 Mt. Exports are estimated at 0.49 Mt while total domestic use is pegged at 0.19 Mt. Carry-out stocks declined significantly from last year, to 0.13 Mt, vs 0.24 Mt in 2016-17, due to lower supplies, relatively stable exports and increased feed, waste and dockage. Flaxseed prices finished the crop year at \$463/t, marginally higher than last year.

For 2018-19, flaxseed production is estimated at 0.49 Mt on a harvested area of 0.35 mln ha and yields of 1.4 t/ha. Total supplies of flaxseed are forecast to fall by about 20%, to 0.63 Mt, as a decline in carry-in stocks supplements the drop in production. Exports are forecast at 0.40 Mt while total domestic use falls to 0.12 Mt on a drop in feed, waste and dockage. Carry-out stocks are forecast to fall to 0.1 Mt for a stocks-to-use ratio of 19%. The average flaxseed price is expected to rise slightly to \$455-495/t.

Soybeans

For 2017-18, exports are estimated at a record 4.6 Mt, up from 4.4 Mt in 2016-17 on ample domestic supplies, a wide basis and the low value of the Canadian dollar. China is the major buyer of Canadian soybeans for the crop year to-date.

Domestic processing of soybeans is estimated up marginally from last year to 1.85 Mt, due to stronger soymeal prices. Feed, waste and dockage is forecast at a record 0.88 Mt. Carry-out stocks are projected at 1.0 Mt, which, while a record high, are not considered burdensome.

Soybean prices fell slightly from last year to \$434/t. The decline in soybean prices towards the end of the crop year was consistent with the improved world situation for soybeans as the expected US bumper crop relieved supply concerns arising from the Argentine drought.

For 2018-19, soybean production is estimated at 7.0 Mt on a planted and harvested area of 2.56 mln ha and 2.54 mln ha, respectively and yields of 2.76 t/ha. Total supplies of soybeans are estimated at 8.4 Mt, a slight 0.2 Mt drop from last year, as the tripling of carry-in stocks to about 1.0 Mt largely offset the drop in output from 2016-17. Imports are forecast at 0.4 Mt although this value may increase if US soybeans begin to get transhipped through Canada to avoid China's 25% tariff on the American crop.

Exports are forecast at a record 5.3 Mt with shipments headed to a diverse group of countries. The discount of the Canadian dollar to its American counterpart, with US\$1.00=C\$1.30, is expected to

support Canadian shipments against competition from burdensome world soybean supplies, especially in the US and Brazil.

Domestic processing of Canadian soybeans is forecast to rise to 1.9 Mt, slightly under the record pace set in 2015-16. Carry-out stocks are forecast to fall by 30% to 0.70 Mt, the second highest level on record. Soybean prices are forecast to decrease to \$380-420/t under pressure from the bumper US crop and uncertainty over the stability of US-Chinese trade.

The main major factors to watch are: (1) US crop conditions and harvest progress, (2) the state of China-US negotiations, (3) US soybean production estimates, (4) exchange rate volatility and (5) South American planting intentions.

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Dry Peas

For 2017-18, exports were 22% lower than the 2016-17 level at 3.1 million tonnes (Mt) due to lower shipments to India. This was partly offset by record exports to China and the US. Domestic use fell compared to the previous year. The average dry pea price was \$265/t due to lower exports which led to rise in carry-out stocks in 2017-18. The average crop year prices for yellow peas was lower than for the previous year but prices were similar to 2016-17 for green types and feed peas.

For 2018-19, Canadian dry pea production in Canada is estimated by STC to fall by 12% from 2017-18, to 3.6 Mt, due to a decline in harvested area. Saskatchewan and Alberta are expected to account for 47% and 48% of the dry pea production, respectively, 2.5% in Manitoba and 2% in British Columbia and the remainder in Eastern Canada. However, total supply is forecast to fall by only 3% due to the higher carry-in stocks. Exports are forecast to decrease to 2.9 Mt, with China, the US and Bangladesh continuing to be Canada's top markets. Carry-out stocks are also forecast to fall. The average price is expected to be lower than 2017-18 as larger world supply is partly offset by lower carry-out stocks in Canada.

In the US, area seeded to dry peas for 2018-19 is forecast by the USDA to fall 22% from 2017-18, to 0.9 million acres. This is largely due to an expected fall in area in Montana and North Dakota. Assuming normal abandonment and normal yields, US dry pea production is forecast by AAFC to rise to 0.7 Mt. The US has been successful in exporting small amounts of dry peas to common Canadian exports markets in China and Turkey and it is expected the US will try to increase its market share in 2018-19.

Lentils

For 2017-18, lentil exports fell to 1.5 Mt, down 37% from the previous year. Of this, 0.8 Mt were red lentil types with 0.7 consisting of the green lentil types. The leading export markets were Turkey, the United Arab Emirates, the EU and record exports to Mexico and the US. Total domestic use was lower than the previous year at 0.5 Mt. Carry-out stocks

increased significantly to nearly 0.9 Mt. The average Canadian lentil price was significantly lower than 2016-17 as carry-out stocks rose. No. 1 large green lentil prices maintained a record crop year premium of \$340/t over No. 1 red lentil prices.

For 2018-19, lentil production is estimated to fall by 15% to 2.1 Mt due to lower seeded area. There was a 14% fall in seeded area from 2017-18, with the majority of the decrease in red lentil types. By province, Saskatchewan is expected to account for 88% of the lentil production, with 11% in Alberta and the remainder in Manitoba and British Columbia. Despite the fall in production, total supply is forecast to rise by 6% due to higher carry-in stocks. Exports are forecast to increase to 1.8 Mt. Carry-out stocks are expected to fall to 0.8 Mt. The average price for all grades is forecast to be significantly lower than 2017-18 despite lower carry-out stocks but largely due to expectations for an increase in world supply.

In the US, the area seeded to lentils for 2018-19 is forecast by the USDA at 0.8 million acres, down nearly 30% from 2017-18 due to lower area seeded in Montana and North Dakota. Assuming normal yields and abandonment, US lentil production is forecast by AAFC at over 0.4 Mt, up sharply from last year. The main US export markets for lentils are expected to continue to be Canada, the US and the EU, particularly Spain.

Dry Beans

For 2017-18, dry bean exports were higher than in 2016-17 due the increased demand from the EU and record demand from Africa. The EU and the US were the top two markets for Canadian dry beans, with smaller volumes exported to Angola, Japan and Mexico. Larger North American supply provided the majority of the pressure for the decrease in US and Canadian dry bean prices in 2017-18, particularly for pinto bean types.

For 2018-19, Canadian production is forecast to fall to 0.31 Mt, largely due to a decrease in seeded area, mostly in Ontario. By province, Manitoba is expected to account for 39% of the dry bean production, Ontario 25%, Alberta 26%, with the

remainder in Quebec, the Maritimes and British Columbia. Total supply is expected to increase, due to higher carry-in stocks. Exports are forecast to be lower than the previous year. As a result, carry-out stocks are also expected to increase. The average Canadian dry bean price is forecast to rise slightly due to lower expected supply in North America.

In the US, area seeded to dry beans is forecast by the USDA to decrease by 20% to below 1.2 million acres, largely due to lower area seeded in North Dakota. Total US dry bean production for 2018-19 (excluding chickpeas) is forecast by AAFC at 0.95 Mt, down from 2017-18. The largest decrease is expected to be the pinto bean types.

Chickpeas

For 2017-18, Canadian chickpea exports rose from the previous year to 116 thousand tonnes (kt). Higher exports to the Turkey and the EU were behind the rise in exports. As a result of the larger supply, and with an increase in exports, carry-out stocks remain unchanged from the previous year. The average price decreased, but remained near historical highs due to tight world supplies for all chickpea types.

For 2018-19, production is forecast to rise sharply to 264 kt, due to increased area. By province, Saskatchewan is expected to account for 83% of the chickpea production, 16% in Alberta and the remainder in Manitoba and British Columbia. Total supply is forecast to nearly double due to increased production and despite lower imports. Exports are forecast to rise from 2017-18 and carry-out stocks are expected to increase to burdensome levels. The average price is forecast to fall due to expectations for increased world chickpea supply.

US chickpea area for 2018-19 is forecast by the USDA to reach a record 0.66 million acres. Assuming normal yields and abandonment, 2018-19 US chickpea production is therefore forecast by AAFC at a record 0.43 Mt, up sharply from the previous year. The main export markets are India and the EU.

Mustard Seed

For 2017-18, Canadian mustard exports decreased to 112 kt, down from the previous year due to lower export demand from the US. However, due to lower supply, carry-out stocks fell. Prices rose sharply for all mustard seed types, due to support from the smaller domestic stocks.

For 2018-19, production is estimated at 175 kt, significantly higher than last year due to a sharp rise in seeded area and higher expected yields. Supply is expected to rise to 0.23 Mt, as lower carry-in stocks moderate the increase in output. Exports are expected to rise to 125 kt, with the US and the EU as the main markets for Canadian mustard seed. Despite this, carry-out stocks are still forecast to increase. The average price is forecast to fall from prices in 2017-18 to a range of \$700-730/t.

Canary Seed

For 2017-18, exports were lower than the previous year at 147 kt. Lower exports to Mexico and the EU were partly offset by increased Brazilian demand. The average price decreased as Canadian carry-out stocks fell.

For 2018-19, production is estimated at 111 kt, down almost 20% from last year, largely due to lower seeded area. Supplies are forecast to decrease sharply. Exports are forecast to be limited by supply, with the EU and Mexico as the main markets, followed by the US. The average price is forecast to remain unchanged from 2017-18.

Sunflower Seed

For 2017-18, sunflower seed exports were marginally lower at 17 kt due to lower demand from the US. Consequently, carry-out stocks rose to the highest level since 2010-11. The average Canadian price for sunflower seed increased from the previous year as lower oilseed prices were more than offset by higher prices for confectionery types.

For 2018-19, production is estimated at 58 kt, similar to last year, as the increase in seeded area was offset by lower yields. Sunflower area rose marginally from 2017-18, to 29 thousand hectares. Yields are estimated at 2.06 t/ha vs 2.26 t/ha last year. Exports are forecast to rise to 25 kt. The US

remains Canada's main export market for sunflower seed. As a result of an increase in supply, carry-out stocks are forecast to rise to 40 kt. Sunflower seed prices are forecast to rise, to \$585-615/t due to higher prices for confectionery types.

For 2018-19, area seeded to sunflower seed in the US is forecast by the USDA at 1.46 million acres, up 4% from 2017-18 due to higher area seeded in South Dakota. The area seeded is expected to rise to 1.3 and fall to 0.15 million acres, respectively for oil type varieties and confectionery type varieties. Assuming normal yields and abandonment, 2018-19 US sunflower seed production is forecast by AAFC to rise marginally to 1.0 Mt.

For 2018-19, the global supply of sunflower seed is estimated by the USDA to increase marginally to a record 55 Mt. This is due to higher production in Ukraine. World exports are expected to fall by 6% and domestic use is expected to increase to a record 49 Mt. As a result, world carry-out stocks are expected to rise to 3.0 Mt, up slightly from the previous year.

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CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

September 17, 2018

Grain and Crop Year (a)	Area Seeded — thousand ha —	Area Harvested — thousand ha —	Yield t/ha	Production	Imports (b)	Total Supply	Exports (c)	Food & Industrial Use (d)	Feed, Waste & Dockage	Total Domestic Use (e)	Carry-out Stocks	Average Price (g) \$/t
Durum												
2016-2017	2,469	2,333	3.33	7,762	11	8,073	4,534	174	2,133	2,511	1,828	275
2017-2018	2,106	2,088	2.38	4,962	8	6,798	4,413	191	479	912	1,473	265
2018-2019f	2,503	2,450	2.05	5,034	10	6,517	4,800	200	297	717	1,000	240-270
Wheat Except Durum												
2016-2017	7,156	6,643	3.67	24,378	99	28,555	15,621	3,262	3,914	7,905	5,028	235
2017-2018	7,020	6,895	3.63	25,022	71	30,122	17,219	3,122	4,254	8,197	4,706	240
2018-2019f	7,560	7,375	3.25	23,954	90	28,750	17,400	3,180	3,341	7,350	4,000	230-260
All Wheat												
2016-2017	9,625	8,976	3.58	32,140	110	37,428	20,155	3,436	6,047	10,416	6,856	
2017-2018	9,126	8,983	3.34	29,984	79	36,919	21,632	3,313	4,733	9,108	6,180	
2018-2019f	10,063	9,825	2.95	28,987	100	35,267	22,200	3,380	3,638	8,067	5,000	
Barley												
2016-2017	2,702	2,266	3.90	8,839	64	10,346	2,322	85	5,615	5,902	2,122	169
2017-2018	2,334	2,114	3.73	7,891	69	10,082	2,883	49	5,666	5,943	1,256	227
2018-2019f	2,628	2,356	3.39	7,992	75	9,323	2,400	86	5,712	6,023	900	240-270
Corn												
2016-2017	1,452	1,414	9.83	13,889	831	16,962	1,288	5,187	8,290	13,465	2,187	171
2017-2018	1,447	1,406	10.02	14,095	1,600	17,882	1,800	5,200	8,769	13,982	2,100	174
2018-2019f	1,468	1,439	9.58	13,789	1,600	17,489	1,600	5,300	8,825	14,139	1,750	165-195
Oats												
2016-2017	1,232	925	3.49	3,231	21	4,219	2,305	125	977	1,210	704	209
2017-2018	1,295	1,049	3.56	3,733	18	4,454	2,412	122	1,032	1,258	784	218
2018-2019f	1,235	987	3.35	3,305	20	4,109	2,400	125	879	1,109	600	225-255
Rye												
2016-2017	188	140	3.12	436	1	488	145	48	118	179	164	115
2017-2018	144	97	3.52	342	1	507	197	58	136	205	104	162
2018-2019f	136	74	2.79	207	2	313	153	54	54	120	40	180-210
Mixed Grains												
2016-2017	177	62	2.83	175	0	175	0	0	175	175	0	
2017-2018	123	54	2.77	149	0	149	0	0	149	149	0	
2018-2019f	144	57	2.79	158	0	158	0	0	158	158	0	
Total Coarse Grains												
2016-2017	5,749	4,805	5.53	26,571	916	32,189	6,058	5,445	15,174	20,955	5,176	
2017-2018	5,342	4,720	5.55	26,210	1,688	33,074	7,292	5,429	15,753	21,538	4,245	
2018-2019f	5,610	4,912	5.18	25,450	1,697	31,391	6,553	5,565	15,626	21,548	3,290	
Canola												
2016-2017	8,411	8,263	2.37	19,599	95	21,705	11,016	9,191	167	9,426	1,342	529
2017-2018	9,307	9,266	2.30	21,328	103	22,773	10,909	9,269	138	9,474	2,391	539
2018-2019f	9,203	9,189	2.09	19,162	100	21,653	11,000	9,200	152	9,403	1,250	500-540
Flaxseed												
2016-2017	381	342	1.73	591	17	887	500	0	128	147	240	458
2017-2018	421	419	1.33	555	8	803	485	0	175	190	128	463
2018-2019f	358	353	1.40	494	10	631	400	0	115	131	100	455-195
Soybeans												
2016-2017	2,269	2,232	2.96	6,597	482	7,459	4,420	1,832	546	2,679	355	454
2017-2018	2,947	2,935	2.63	7,717	550	8,622	4,600	1,850	872	3,022	1,000	434
2018-2019f	2,558	2,542	2.76	7,010	400	8,410	5,300	1,900	306	2,406	705	380-420
Total Oilseeds												
2016-2017	11,061	10,837	2.47	26,787	594	30,130	15,936	11,024	841	12,252	1,937	
2017-2018	12,674	12,620	2.35	29,600	661	32,197	15,993	11,119	1,184	12,686	3,518	
2018-2019f	12,118	12,084	2.21	26,666	510	30,694	16,700	11,100	573	11,940	2,055	
Total Grains And Oilseeds												
2016-2017	26,435	24,618	3.47	85,497	1,619	99,747	42,150	19,904	22,062	43,623	13,969	
2017-2018	27,142	26,323	3.26	85,794	2,428	102,191	44,917	19,861	21,670	43,332	13,943	
2018-2019f	27,792	26,821	3.02	81,103	2,307	97,352	45,453	20,045	19,837	41,555	10,345	

(a) Crop year is August-July, except corn and soybeans, for which the crop year is September-August.

(b) Imports exclude products.

(c) Exports include grain products but exclude oilseed products.

(d) Food and Industrial use for soybeans is based on data from the Canadian Oilseed Processors Association.

(e) Total Domestic Use = Food and Industrial Use + Feed Waste & Dockage + Seed Use + Loss in Handling

(g) Crop year average prices: Wheat (No. 1 CWRS, 13.5% protein) and Durum (No. 1 CWAD, 13% protein), both are average Saskatchewan producer spot prices. Barley (No. 1 feed, cash, I/S Lethbridge), Corn (No. 2 CE, cash, I/S Chatham), Oats (US No. 2 Heavy, CBOT nearby futures); Rye (No. 1 CW, cash, I/S Saskatoon); Canola (No. 1 Canada, cash, Track Vancouver); Flaxseed (No. 1 CW, cash, I/S Saskatoon); Soybeans (No. 2 CE, cash, I/S Chatham).

Source: Statistics Canada (STC) and Agriculture and Agri-Food Canada (AAFC); f: forecasts by AAFC. For 2017-18, for corn and soybeans, imports and dispositions are forecast by AAFC but will be available from STC on October 4 2018. For 2018-19, area, yield and production are from the STC survey but imports and dispositions are forecast by AAFC.

CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION

September 17, 2018

Grain and Crop Year (a)	Area Seeded — thousand ha —	Area Harvested — thousand ha —	Yield t/ha	Production	Imports (b)	Total Supply thousand tonnes	Exports (b)	Total Domestic Use (c)	Carry-out Stocks	Stocks-to- Use Ratio %	Average Price (d) \$/t
Dry Peas											
2016-2017	1,733	1,677	2.88	4,836	32	5,042	3,944	797	300	6	300
2017-2018	1,656	1,642	2.50	4,112	12	4,424	3,086	688	650	17	265
2018-2019f	1,462	1,428	2.55	3,635	15	4,300	2,900	900	500	13	220-250
Lentils											
2016-2017	2,254	2,221	1.44	3,194	98	3,365	2,455	595	315	10	575
2017-2018	1,783	1,774	1.44	2,559	35	2,909	1,540	492	876	43	475
2018-2019f	1,525	1,509	1.44	2,167	35	3,078	1,800	478	800	35	370-400
Dry Beans											
2016-2017	129	118	2.11	249	91	355	335	19	1	0	885
2017-2018	135	131	2.45	322	86	409	351	23	35	9	760
2018-2019f	124	123	2.54	312	80	427	340	22	65	18	800-830
Chickpeas											
2016-2017	62	44	1.86	82	27	129	108	20	1	1	1,000
2017-2018	68	68	1.49	102	47	150	116	33	1	1	950
2018-2019f	179	177	1.49	264	8	273	135	63	75	38	450-480
Mustard Seed											
2016-2017	206	195	1.21	236	7	248	124	44	80	48	660
2017-2018	156	153	0.80	122	9	211	112	49	50	31	770
2018-2019f	204	200	0.87	175	2	227	125	47	55	32	700-730
Canary Seed											
2016-2017	105	95	1.48	140	0	175	153	2	20	13	485
2017-2018	103	103	1.33	137	0	157	147	5	5	3	465
2018-2019f	86	86	1.29	111	0	116	105	6	5	5	440-470
Sunflower Seed											
2016-2017	28	28	1.84	51	29	95	18	52	25	36	565
2017-2018	26	26	2.28	58	22	105	17	53	35	50	590
2018-2019f	29	28	2.06	58	25	118	25	53	40	51	585-615
Total Pulses and Special Crops (c)											
2016-2017	4,517	4,377	2.01	8,788	284	9,409	7,137	1,530	742	9	
2017-2018	3,927	3,897	1.90	7,411	211	8,364	5,369	1,343	1,653	25	
2018-2019f	3,608	3,551	1.89	6,723	165	8,540	5,430	1,570	1,540	22	

(a) Crop year is August-July. Grains include pulses (dry peas, lentils, dry beans, chick peas) and special crops (mustard seed, canary seed, sunflower seed).

(b) Imports and exports exclude products.

(c) Total Domestic Use = Food and Industrial Use + Feed Waste & Dockage + Seed Use + Loss in Handling

(d) Producer price, FOB plant, average over all types, grades and markets.

Source: Statistics Canada (STC) and Agriculture and Agri-Food Canada (AAFC); f: forecasts by AAFC, except area, yield and production for dry peas, lentils, mustard seeds, canary seeds and sunflower seeds for 2018-19 and the years before 2018-19, as well as imports, exports, seed requirements and carry-out stocks for dry peas and lentils for the years before 2018-19, which are from STC.